Management's Discussion and Analysis

The following management's discussion and analysis ("MD&A") has been prepared by management as of February 27, 2025, and is a review of the financial condition and results of operations of Pason Systems Inc. ("Pason" or the "Company") based on International Financial Reporting Standards ("IFRS") and should be read in conjunction with the Consolidated Financial Statements and related notes for the twelve months ended December 31, 2024 and 2023, accompanying notes, and Pason's Annual Information Form dated March 13, 2024.

The Company uses certain non-GAAP measures to provide readers with additional information regarding the Company's operating performance, ability to generate funds to finance its operations, fund its research and development, capital expenditure program, and pay dividends. These non-GAAP measures are defined under Non-GAAP Financial Measures.

Certain information regarding the Company contained herein may constitute forward-looking statements under applicable securities laws. Such statements are subject to known or unknown risks and uncertainties that may cause actual results to differ materially from those anticipated or implied in the forward-looking statements. For further information, please refer to Forward Looking Information.

All financial measures presented in this report are expressed in Canadian dollars unless otherwise indicated.

Company Profile

Pason is a leading global provider of specialized data management systems for oil and gas drilling. Pason's solutions, which include data acquisition, wellsite reporting, automation, remote communications, web-based information management, and data analytics enable collaboration between the drilling rig and the office. Pason services major oil and gas basins with a local presence in the following countries: United States, Canada, Argentina, Australia, Brazil, Colombia, Dubai, Ecuador, Mexico, Peru and Saudi Arabia. The Company has an over 40-year track record of distinctive technology and service capabilities offering end-to-end data management solutions enabling secure access to critical drilling operations information and decision making in real time.

Effective January 1, 2024, Pason purchased all remaining and outstanding shares of Intelligent Wellhead Systems Inc. ("IWS"). Through IWS, Pason also provides engineered controls, data acquisition, and software, to automate workflows and processes for oil and gas well completions operations, improving wellsite safety and efficiency.

Through Energy Toolbase ("ETB"), the Company also provides products and services for the solar power and energy storage industry. ETB's solutions enable project developers to model, control, and monitor economics and performance of solar energy and storage projects.

For a complete description of services provided by the Company, please refer to the headings 'General Development of the Business' and 'General Description of Business' in Pason's Annual Information Form dated March 13, 2024.

Highlights

	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2024	2023	Change	**2024**	2023	Change
(000s, except per share data)	**($)**	($)	(%)	**($)**	($)	(%)
Revenue	**107,629**	93,295	15	**414,133**	369,309	12
Adjusted EBITDA (1)	**42,119**	38,888	8	**161,827**	171,466	(6)
As a % of revenue	**39.1**	41.7	(260) bps	**39.1**	46.4	(730) bps
Funds flow from operations	**32,124**	37,455	(14)	**131,133**	154,472	(15)
Per share – basic	**0.40**	0.47	(14)	**1.65**	1.92	(14)
Per share – diluted	**0.40**	0.47	(14)	**1.64**	1.92	(14)
Cash from operating activities	**35,825**	27,412	31	**123,190**	135,033	(9)
Net capital expenditures (2)	**18,179**	8,095	125	**69,126**	38,002	82
Free cash flow (1)	**17,646**	19,317	(9)	**54,064**	97,031	(44)
Cash dividends declared (per share)	**0.13**	0.12	8	**0.52**	0.48	8
Net income	**16,585**	8,012	107	**119,709**	95,827	25
Net income attributable to Pason	**16,927**	8,495	99	**121,504**	97,539	25
Per share – basic	**0.21**	0.11	93	**1.53**	1.21	26
Per share – diluted	**0.21**	0.11	93	**1.52**	1.21	26

(1) Non-GAAP financial measures are defined under Non-GAAP Financial Measures

(2) Includes additions to property, plant, and equipment and development costs, net of proceeds on disposal from Pason's Consolidated Statements of Cash Flows

As at	December 31, 2024	December 31, 2023	Change
(000s)	**($)**	($)	(%)
Cash and cash equivalents	**77,197**	171,773	(55)
Short-term investments	**3,581**	—	nmf
Total Cash (1)	**80,778**	171,773	(53)
Working capital	**120,583**	212,561	(43)
Total interest bearing debt	**—**	—	—
Shares outstanding end of period (#)	**79,426,065**	79,685,025	—

(1) Total Cash is defined as total cash and cash equivalents and short-term investments from Pason's Consolidated Balance Sheets

Pason’s financial results for the three and twelve months ended December 31, 2024, reflect the Company’s resilience in the face of challenging industry conditions. Pason generated $107.6 million in revenue in the fourth quarter of 2024, representing a 15% increase from the $93.3 million generated in the comparative 2023 period. Annually, Pason's consolidated revenue in 2024 was $414.1 million, representing a 12% increase in revenue from the $369.3 million generated in 2023. With record annual Revenue per Industry Day, and growing revenue in the Company's Completions and Solar and Energy Storage segments, revenue growth for each comparative period significantly outpaced the changes in underlying North American industry drilling activity, which declined year over year.

Despite a 3% decline in industry activity levels in North America year over year, the Company's North American Drilling segment generated revenue in the fourth quarter of 2024 of $71.8 million, a 2% increase from the $70.5 million generated in the same period in 2023. Revenue per Industry Day increased by 5% to $1,046 in the fourth quarter of 2024 compared to the fourth quarter of 2023. In the Company's International Drilling segment, fourth quarter 2023 revenue and gross profit benefited from non recurring effects of the significant foreign exchange and inflationary changes seen in the Company's Argentinian subsidiary. As a result, revenue generated by the Company's International Drilling segment declined from $17.9 million in the fourth quarter of 2023 to $15.0 million in the current year comparative period. Beginning on January 1, 2024, Pason's consolidated results include contributions from IWS within the Completions segment, which generated $13.6 million in revenue in the fourth quarter of 2024. Further, the Company's Solar and Energy Storage segment generated a record quarterly level of $7.2 million of revenue, a 49% increase from the level seen in 2023.

With this revenue, Pason generated $42.1 million in Adjusted EBITDA, or 39.1% of revenue in the fourth quarter of 2024, compared to $38.9 million or 41.7% of revenue in the fourth quarter of 2023. A comparison of Adjusted EBITDA margins year over year reflects higher levels of revenue generated by the Company's Completions and Solar and Energy Storage segments at lower margins given the investments made for the current stage of growth of those segments.

The Company recorded net income attributable to Pason of $16.9 million ($0.21 per share) in the fourth quarter of 2024, compared to net income attributable to Pason of $8.5 million ($0.11 per share) recorded in the corresponding period in 2023. The increase year over year incorporates higher levels of Adjusted EBITDA as further outlined above and lower foreign exchange losses. Fourth quarter 2023 net income attributable to Pason included a $14.2 million foreign exchange loss, primarily attributable to the revaluation of cash and working capital balances in the Company's Argentinian subsidiary with the significant devaluation of the Argentinian Peso seen in December 2023.

Pason's balance sheet remains strong, with no interest bearing debt, and $80.8 million in Total Cash as at December 31, 2024, compared to $171.8 million as at December 31, 2023. The decrease in the period is the result of funding the IWS Acquisition in Q1 2024 with a total of $88.2 million in cash and the repayment of $13.3 million in interest bearing debt assumed through the acquisition. Pason generated cash from operating activities of $35.8 million in the fourth quarter of 2024, compared to $27.4 million in the fourth quarter of 2023, which reflects higher Adjusted EBITDA year over year and lower levels of working capital investments, partially offset by lower levels of interest income recognized.

Pason invested $18.2 million in net capital expenditures during the fourth quarter of 2024, an increase from $8.1 million in the fourth quarter of 2023 as the Company completed its 2024 capital budget. Net capital expenditures in the current quarter includes investments associated with supporting the continued growth of the Company's Completions segment, for which there would be no associated capital expenditures during the 2023 comparative period given the effective date of the IWS Acquisition of January 1, 2024. Net capital expenditures in Q4 2024 also includes investments associated with the ongoing refresh of Pason's drilling related technology platform and the manufacture of additional Pason Mud Analyzers. Resulting Free Cash Flow in the fourth quarter of 2024 was $17.6 million, compared to $19.3 million in the same period in 2023.

In the fourth quarter of 2024, Pason returned $13.3 million to shareholders through the Company's quarterly dividend of $10.3 million and $3.0 million in share repurchases.

President’s Message

Pason’s operating and financial results for 2024 represent the first full year of consolidated results following the acquisition of the remainder of Intelligent Wellhead Systems (IWS). In both drilling and completions, growing use of automation and analytics technologies by customers continues to increase demand for reliable, high-quality data. Pason’s long-standing position as the leading provider of drilling data, and our growing presence in the completions market, position us to maintain our track record of outperformance compared to underlying industry activity.

In 2024, our North American Drilling segment revenue declined by 2% compared to a 10% decrease in North American drilling activity. North American Revenue per Industry Day of $1,025 for the year was up 8% from 2023, driven largely by increased product adoption and improved price realization. Our relative outperformance was even greater in the completions segment, where annual revenue growth of 15% far outpaced a 10% decrease in the number of active frac spreads in the United States. Reported revenue from our International Drilling segment decreased by 6% year-over-year, with the comparable results from 2023 benefiting from inflationary and foreign exchange factors in Argentina related to the significant devaluation of the Argentinian Peso in December 2023. In our Solar and Energy Storage segment, Energy Toolbase posted a 15% increase in revenue in 2024 as compared to 2023. Consolidated revenue of $414 million in 2024 represented a 12% increase from the prior year despite generally weaker overall oilfield services activity.

Adjusted EBITDA of $161.8 million for the year was down 6% from the prior year, reflecting the lower margins in both the Completions and Solar and Energy Storage segments at their current stage of development. We expect margins from these segments to expand over time as revenues increase. Net capital expenditures totaled $69.1 million for the year, up from $38.0 million in 2023 primarily driven by the addition of the IWS business in 2024. Free cash flow for the year totaled $54.1 million.

Fourth quarter results similarly demonstrated the relative strength of our operating businesses, generating $107.6 million in consolidated revenue, a 15% increase from the prior year period. Our North American Drilling segment grew revenue by 2%, compared to a 3% decrease in industry activity, driven by a 5% increase in Revenue per Industry Day. Our International Drilling segment decreased 2% sequentially from the third quarter of 2024. In our Completions segment, revenue of $13.6 million grew by 9% sequentially from the third quarter, with gains in Revenue per IWS Day more than outpacing a slight decrease in the average job count in the quarter. Energy Toolbase quarterly revenue increased 49% year-over-year over the prior year period. Pason generated $42.1 million in Adjusted EBITDA and $17.6 million Free Cash Flow in the fourth quarter.

Our capital allocation priorities are driven by a focus on return on invested capital. Our largest cash investment in 2024 was the acquisition of the remainder of IWS at the start of year for $88.2 million. Today, our highest expected returns on capital come from the organic investments we are making to continue the growth of our Completions segment coupled with the ongoing rollout of the mud analyzer in our drilling-related business. We plan to spend approximately $65 million in capital expenditures in 2025, which includes investments in these two opportunities.

We currently expect industry activity in 2025 to be similar to 2024 levels. In that context, we anticipate continuing to outpace underlying industry activity in the drilling market, primarily on the strength of continued growth in product adoption, including a growing number of installations of the mud analyzer. Our Completions segment experienced headwinds in 2024 from customers slowing their activity as they completed business combinations, as well as in response to natural gas prices. We anticipate those headwinds will begin to subside in 2025, resulting in additional opportunities to increase the active number of IWS jobs.

Bringing together the experience and expertise of Pason and IWS, we are focused on establishing compelling data aggregation solutions for the completions market. As customers continue to pursue automation and analytics efforts, including leveraging artificial intelligence applications and the establishment of real-time operating centers, access to consistent, reliable, high-quality data is increasingly important for both drilling and completions operations. Pason’s experience over more than four decades in serving the data needs of the drilling market provides us with the ability to make meaningful advancements in helping customers access data across the entire well construction process.

Strong bookings of control system sales in our Solar and Energy Storage segment in 2024 are expected to translate into further revenue gains in 2025.

The macro environment is currently characterized by increased volatility and uncertainty, which can present both opportunities and challenges for our business. Recent and anticipated changes in government leadership in several countries in which we operate will provide new and different opportunities and challenges to address. While we are unable to predict with any degree of certainty what all of those changes might entail, we will continue to adapt to the circumstances with our primary focus on providing industry-leading products, service and support to our customers.

We continue to pursue disciplined shareholder returns over time through our regular dividend and share repurchases, in the context of available attractive organic capital investments to increase free cash flow and realize higher returns on capital. In 2024, we returned $41.4 million to shareholders in the form of dividends and an additional $10.0 million through share repurchases. We are maintaining our current quarterly dividend at $0.13 per share and preserving flexibility to continue repurchasing shares through the current environment of uncertainty.

Jon Faber
President and Chief Executive Officer
February 27, 2025

Discussion of Operations

Overall Performance

	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2024	2023	Change	**2024**	2023	Change
(000s)	**($)**	($)	(%)	**($)**	($)	(%)
Revenue	**107,629**	93,295	15	**414,133**	369,309	12
Operating expenses (2)	**42,483**	35,316	20	**160,530**	130,013	23
Depreciation and amortization	**13,889**	7,797	78	**52,179**	27,216	92
	56,372	43,113	31	**212,709**	157,229	35
Gross profit (2)	**51,257**	50,182	2	**201,424**	212,080	(5)
Other expenses						
Research and development	**13,006**	10,392	25	**51,180**	41,247	24
Selling, general, and administrative (2)	**10,324**	6,516	58	**41,590**	24,832	67
Stock-based compensation expense	**3,370**	4,732	(29)	**10,898**	11,718	(7)
Other expense (income)	**5,568**	13,820	(60)	**(45,610)**	4,110	nmf
	32,268	35,460	(9)	**58,058**	81,907	(29)
Income before income taxes	**18,989**	14,722	29	**143,366**	130,173	10
Income tax provision	**2,404**	6,710	(64)	**23,657**	34,346	(31)
Net income	**16,585**	8,012	107	**119,709**	95,827	25
Net income (loss) attributable to:						
Shareholders of Pason	**16,927**	8,495	99	**121,504**	97,539	25
Non-controlling interest	**(342)**	(483)	(29)	**(1,795)**	(1,712)	5
Net income	**16,585**	8,012	107	**119,709**	95,827	25
Income per share						
Basic	**0.21**	0.11	91	**1.53**	1.21	26
Diluted	**0.21**	0.11	91	**1.52**	1.21	26
Adjusted EBITDA (1)	**42,119**	38,888	8	**161,827**	171,466	(6)

(1) Non-GAAP financial measures are defined under Non-GAAP Financial Measures

(2) Prior period figures have been reclassed to conform with current period presentation of financial information, as detailed under the heading Change in Presentation of Statements of Operations of this MD&A

IWS Acquisition

On December 5, 2023, Pason announced the exercise of a call option to purchase the remaining and outstanding shares of Intelligent Wellhead Systems ("IWS") not held by Pason for a total cash outflow of $88.2 million (the "IWS Acquisition"), which was comprised of $77.8 million paid in cash at close, and $10.5 million paid subsequent to closing for the settlement of outstanding stock options held by IWS employees. The IWS Acquisition closed on January 1, 2024 and resulted in Pason obtaining control over IWS rendering it a wholly-owned, consolidated subsidiary. The Company previously accounted for its investment in IWS as an equity investment.

The Company's initial investment in IWS was made in 2019, and consisted of total consideration of $25.0 million of cash consideration which was funded throughout 2019 to 2022. Further, in 2021 and 2022, Pason increased its non-controlling investment in IWS and acquired a portion of outstanding common shares for total cash consideration of $15.0 million. In the fourth quarter of 2022, the Company entered into a preferred share subscription agreement with IWS with an initial subscription of $10.0 million, and up to $15.0 million in additional subscriptions exercisable by IWS, which were subsequently funded in 2023. The Company's initial investment in 2019 also included a call option agreement, which gave the Company the option to purchase the shares held by other shareholders, exercisable at the Company's discretion.

IWS is an oil and gas technology and service company that provides engineered controls, data acquisition and software to automate workflows and processes at live well completions operations of the oil and gas industry. IWS has over 150 employees, with offices in Calgary, Alberta, Houston, Texas, Midland, Texas and Denver, Colorado. For the twelve months ended December 31, 2024, IWS generated $52.6 million in annual revenues, a 15% increase from the $45.8 million in revenue generated in 2023.

Starting in the first quarter of 2024, IWS' financial results were recorded within a newly formed Completions operating segment for the Company. The following table summarizes the consideration transferred to acquire IWS and the value of identified assets acquired and liabilities assumed at the acquisition date:

Allocation of Total Consideration	
(000s)	**($)**
Current assets	15,491
Property, plant, and equipment	35,669
Intangible assets	52,495
Right of use asset	3,482
Goodwill	124,427
Total assets	**231,564**
Current liabilities	(10,951)
Lease liability	(3,482)
Stock-based compensation liability	(10,454)
Preferred share obligation due to Pason	(25,000)
Deferred tax liability	(8,136)
Other long-term debt	(13,179)
Total liabilities	**(71,202)**
Net assets acquired	**160,362**

Fair value of Total Consideration	
(000s)	**($)**
Cash paid at closing	77,787
Fair value of previously held equity interest	82,575
Fair value of Total Consideration	**160,362**

As a result of the Company obtaining control over IWS effective January 1, 2024, the Company's previously held interest in IWS was remeasured to fair value, resulting in a gain of $50.8 million as a result of the derecognition of the $31.8 million carrying value of Pason's previously held equity investment associated with IWS. This gain has been recognized in the line item "Other income" on the Consolidated Statements of Operations, and is also added back as a non-cash adjustment to the Company’s Cash Flow from Operations for the year ended December 31, 2024.

The fair value of the previously held equity interest of $82.6 million in IWS was estimated by applying the per share exercise price of Pason's call option to acquire all remaining outstanding common shares of IWS to Pason's existing common share investment. The goodwill recognized as part of the IWS Transaction is attributable to the workforce of the acquired business and the growth opportunities associated with the Company's acquisition of IWS. The goodwill is not deductible for tax purposes, and all of the $124.4 million of goodwill was assigned to Pason's new Completions segment. In connection with the IWS Acquisition, Pason incurred $0.4 million in transaction costs, of which $0.03 million was incurred in the year ended December 31, 2024. These costs are recorded within Other income on the Consolidated Statements of Operations.

Change in Presentation of Statements of Operations

Beginning in the first quarter of 2024, Pason has adjusted its Consolidated Statements of Operations presentation to include operating expense and selling, general and administrative expense categories. With recent changes in the business, particularly the IWS Acquisition on January 1, 2024, management believes this change more accurately reflects costs incurred of each nature, and will result in the Company's financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the entity's financial position, financial performance or cash flows. In accordance with IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors, the Company's prior period Statements of Operations have been adjusted to reflect this change in presentation.

- Previously reported rental services of $33.8 million for the three months ended December 31, 2023 now includes $1.5 million of expenses deemed to be operating in nature and are now referred to as Operating expenses. Previously reported rental services of $124.2 million for the year ended December 31, 2023 now includes $5.8 million of expenses deemed to be operating in nature.
- Previously reported corporate services of $4.1 million and local administration of $3.9 million for the three months ended December 31, 2023, less $1.5 million in expenses deemed to be operating in nature, are now combined and referred to as Selling, general, and administrative expenses. Previously reported corporate services of $16.4 million and local administration of $14.2 million for the year ended December 31, 2023, less $5.8 million in expenses deemed to be operating in nature, are now combined.

In addition, beginning in the first quarter of 2024, the Company no longer reports a disaggregation of revenue by product category, and now presents an aggregated revenue amount for each business unit. This new presentation aligns more closely with management's assessment of business unit performance and how the Company's customer contracts are structured.

Change in Operating Segments

Starting in the first quarter of 2024 and in connection with the IWS Acquisition, the Company now reports on four strategic business units: North American Drilling (Canada and the United States), International Drilling (Latin America, including Mexico, Offshore, the Eastern Hemisphere, and the Middle East) and Completions business units, all of which offer technology services to the oil and gas industry, and the Solar and Energy Storage business unit, which provides technology services to solar and energy storage developers.

North American Drilling

	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2024	2023	Change	**2024**	2023	Change
(000s)	**($)**	($)	(%)	**($)**	($)	(%)
Revenue	**71,754**	70,507	2	**283,264**	289,763	(2)
Operating expenses (1)	**20,779**	22,639	(8)	**87,468**	87,346	—
Depreciation and amortization	**7,611**	6,366	20	**28,448**	23,623	20
Segment gross profit (1)	**43,364**	41,502	4	**167,348**	178,794	(6)

	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2024	2023	Change	**2024**	2023	Change
	($)	($)	(%)	**($)**	($)	(%)
Revenue per Industry Day (2)	**1,046**	998	5	**1,025**	950	8

(1) Prior period figures have been reclassed to conform with current period presentation of financial information, as detailed under the heading Change in Presentation of Statements of Operations of this MD&A
(2) Non-GAAP financial measures are defined under Non-GAAP Financial Measures

Pason's North American Drilling operations generated $71.8 million in revenue in the fourth quarter of 2024 as industry conditions continued to be challenging. Industry activity in North America was 3% lower in the fourth quarter of 2024 compared to the fourth quarter of 2023, primarily driven by a reduction in US rig counts. However, during that time, Pason grew Revenue per Industry Day by 5% to $1,046 for the three months ended December 31, 2024. Revenue per Industry Day in the current quarter represents increased product adoption across Pason's technology offering and also benefited from strength in the US dollar versus the Canadian dollar. As a result, improvements in Revenue per Industry Day offset the decline in industry activity, and revenue increased 2% year over year, from $70.5 million in the fourth quarter of 2023 to $71.8 million in the fourth quarter of 2024.

As certain regions within the North American segment experience fluctuations in activity levels due to seasonality, Pason expects Revenue per Industry Day to similarly fluctuate with the relative revenue levels associated within the North American regions. Pason's Revenue per Industry Day will also be impacted by changes in foreign exchange with the Canadian Dollar and US dollar.

Operating expenses for the North American drilling segment are mostly fixed in nature and consist primarily of the Company's field service and support presence, supplies consumed in the field, repairs and maintenance on Pason's hardware platform, and bandwidth costs associated with connectivity and data capture at drilling rigs. While a strengthening US dollar negatively impacted US dollar sourced operating expenses in the fourth quarter of 2024, this increase was offset by lower levels of repairs in 2024 versus 2023. As a result, operating expenses for the segment decreased by 8% in the fourth quarter of 2024 over the 2023 comparative period.

With increased capital expenditures in recent quarters and a strengthening US dollar, depreciation and amortization increased from $6.4 million in the fourth quarter of 2023 to $7.6 million in the fourth quarter of 2024.

Resulting segment gross profit was $43.4 million during the fourth quarter of 2024 compared to $41.5 million in the comparative period of 2023 as a result of the aforementioned factors, and continues to demonstrate the Company's operating leverage and ability to outpace industry activity levels on a mostly fixed cost base.

For the twelve months ended December 31, 2024, revenue of $283.3 million and segment gross profit of $167.3 million both reflect decreases from the prior year comparative results, but still represents an outpacing of industry performance through an 8% increase in Revenue per Industry Day. North American drilling activity declined by 10% from 2023 to 2024, while Pason's revenue only fell by 2% over its primarily fixed cost base.

International Drilling

	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2024	2023	Change	**2024**	2023	Change
(000s)	**($)**	($)	(%)	**($)**	($)	(%)
Revenue	**15,009**	17,941	(16)	**60,252**	63,824	(6)
Operating expenses [1]	**7,732**	7,977	(3)	**27,483**	27,503	—
Depreciation and amortization	**736**	1,426	(48)	**3,543**	3,573	(1)
Segment gross profit [1]	**6,541**	8,538	(23)	**29,226**	32,748	(11)

(1) Prior period figures have been reclassed to conform with current period presentation of financial information, as detailed under the heading Change in Presentation of Statements of Operations of this MD&A

The International business unit generated $15.0 million of revenue and $6.5 million in gross profit in the fourth quarter of 2024, both representing decreases from the prior year comparative period. Similarly, for the twelve months ended December 31, 2024, segment revenue was $60.3 million and gross profit was $29.2 million, both lower than the comparable 2023 levels. These decreases year over year are primarily as a result of the Company's Argentinian operations, for which results generated in the fourth quarter of 2023 benefited from inflationary and foreign exchange factors with the significant devaluation seen in the Argentinian Peso in that period.

Completions

	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2024	2023 [1]	Change	**2024**	2023	Change
(000s)	**($)**	($)	(%)	**($)**	($)	(%)
Revenue	**13,624**	—	nmf	**52,587**	—	nmf
Operating expenses	**7,326**	—	nmf	**28,760**	—	nmf
Depreciation and amortization	**5,537**	—	nmf	**20,168**	—	nmf
Segment gross profit	**761**	—	nmf	**3,659**	—	nmf

	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2024	2023 [1]	Change	**2024**	2023	Change
	($)	($)	(%)	**($)**	($)	(%)
IWS Active Jobs [2]	**26**	—	nmf	**28**	—	nmf
Revenue per IWS Day [2]	**5,668**	—	nmf	**5,127**	—	nmf

(1) The Completions segment includes results generated by IWS, which were not part of the Company's consolidated reporting group until January 1, 2024 following the IWS Acquisition

(2) Non-GAAP financial measures are defined under Non-GAAP Financial Measures

As further outlined under the heading Supplemental Financial Measures of this MD&A, Pason has included the following operating metrics for its Completions business unit:

- **IWS Active Jobs**: represents the average number of jobs per day that IWS is generating revenue on through the rental of its technology offering to customers during the reporting period. This metric provides a key measure of IWS' market penetration.
- **Revenue per IWS Day**: defined as the total revenue generated by the Completions segment over all IWS active days during the reporting period. IWS active days are calculated by using IWS Active Jobs in the reporting period. This metric provides a key measure of IWS' ability to evaluate and manage product adoption and pricing.

Industry conditions for completions activity in North America continued to be challenging in the fourth quarter of 2024. Against this backdrop, the Company's Completions segment generated $13.6 million of revenue. This revenue is primarily comprised of the rental of technologies which aid customers with valve management and automation efforts during completions operations. During the fourth quarter of 2024, the business unit averaged 26 IWS Active Jobs and generated Revenue per IWS day of $5,668. As the Completions segment grows its customer base, Revenue per IWS Day will fluctuate depending on the mix of technology adopted amongst those existing customers. Revenue per IWS Day in the fourth quarter of 2024 also benefited from a strengthening US dollar.

Operating expenses for the Completions segment are primarily comprised of the Company's field service and support presence, supplies consumed in the field, repairs and maintenance on the Company's hardware platform, and bandwidth costs associated with connectivity and data capture in completions operations. In the fourth quarter of 2024, the Completions business unit incurred operating expenses of $7.3 million. Depreciation and amortization for the Completions segment was $5.5 million in the fourth quarter of 2024 and represents depreciation expense on IWS' growing hardware platform, along with $2.2 million in amortization expense associated with intangible assets acquired through the IWS Acquisition. For the three months ended December 31, 2024, the resulting segment gross profit was $0.8 million.

Year-to-date, the segment generated revenues of $52.6 million and segment gross profit of $3.7 million. Included within the segment's depreciation and amortization in 2024 is $8.7 million in amortization expense associated with with intangible assets acquired through the IWS Acquisition.

Solar and Energy Storage

	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2024	2023	Change	**2024**	2023	Change
(000s)	**($)**	($)	(%)	**($)**	($)	(%)
Revenue	**7,242**	4,847	49	**18,030**	15,722	15
Operating expenses	**6,646**	4,700	41	**16,819**	15,164	11
Depreciation and amortization	**5**	5	—	**20**	20	—
Segment gross profit	**591**	142	316	**1,191**	538	121

The Solar and Energy Storage business unit generated $7.2 million in revenue during the fourth quarter of 2024, a 49% increase from the fourth quarter of 2023 and a record quarterly result for the segment. In the fourth quarter of 2024, the segment experienced increased deliveries of control systems. Quarterly revenue for the Solar and Energy Storage business unit will fluctuate with the timing of control system project deliveries.

With the increase in revenue, operating expenses were $6.6 million during the fourth quarter of 2024, a 41% increase from the comparable period in 2023, and reflecting the cost of goods sold on control systems revenue. Resulting segment gross profit was $0.6 million in the fourth quarter of 2024 compared to $0.1 million in the comparable period in 2023.

Year-to-date, revenue of $18.0 million and segment gross profit of $1.2 million both represent increases from the prior year comparative period as the segment continues to gain traction from bookings on control system sales.

The Solar and Energy Storage business unit incurred the following research and development costs, which are included in research and development in the Company's Consolidated Statements of Operations. Consistent with the Company's other reporting segments, research and development costs are excluded from the segment gross loss table above.

	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2024	2023	Change	**2024**	2023	Change
(000s)	**($)**	($)	(%)	**($)**	($)	(%)
Research and development	**1,680**	1,213	38	**5,987**	4,821	24

Research and Development

	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2024	2023	Change	**2024**	2023	Change
(000s)	**($)**	($)	(%)	**($)**	($)	(%)
Research and development expenses	**13,006**	10,392	25	**51,180**	41,247	24

The Company's research and development costs include expenditures on research and development activities, as well as ongoing support for IT and technology platforms. Fourth quarter research and development increased by $2.6 million from the comparative 2023 period. The increase year over year is primarily attributable to the IWS Acquisition and the resulting incorporation of research and development costs associated with technology development for the Completions segment starting January 1, 2024.

Pason continues to assess investments in research and development in the context of defending its leading competitive position in servicing the global drilling industry, growing its market presence within both the completions and the solar and energy storage end markets, and future revenue growth opportunities within each segment.

Selling, General and Administrative Expenses

	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2024	2023	Change	**2024**	2023	Change
(000s)	**($)**	($)	(%)	**($)**	($)	(%)
Selling, general, and administrative (1)	**10,324**	6,516	58	**41,590**	24,832	67

(1) Prior period figures have been reclassed to conform with current period presentation of financial information, as detailed under the heading Change in Presentation of Statements of Operations of this MD&A

Fourth quarter selling, general and administrative expenses increased by $3.8 million from the comparative 2023 period. The year over year increase in these costs is primarily attributable to the IWS Acquisition and the resulting incorporation of additional selling, general and administrative expenses associated with the Company's efforts in its completions operations starting January 1, 2024. Further, US dollar sourced selling, general and administrative expenses were negatively impacted by the strengthening US dollar in the fourth quarter of 2024.

Stock-Based Compensation

	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2024	2023	Change	**2024**	2023	Change
(000s)	**($)**	($)	(%)	**($)**	($)	(%)
Stock-based compensation expense	**3,370**	4,732	(29)	**10,898**	11,718	(7)

The Company records stock-based compensation expense (recovery) for its stock option plan, restricted share units plan ("RSU"), deferred share units plan ("DSU"), and performance share units plan ("PSU"). Pason's stock option plan qualifies employees to purchase common shares in the Company at a predetermined exercise price. Pason's RSU and DSU plans are cash settled and linked to the Company's share price performance. The Company's PSU plan is also cash settled and is linked to several performance measures, including relative share price performance. As such, the Company records a current and non-current stock-based compensation liability at the end of each reporting period reflecting the mark to market of its cash settled plans. As at December 31, 2024, the Company held $6.9 million in current stock-based compensation liability and $4.2 million in non-current stock-based compensation liability for its cash settled plans (as at December 31, 2023: $5.5 million and $8.3 million respectively).

The Company's stock-based compensation expense in each of the periods in the table above reflects the ongoing vesting of outstanding awards as well as the change in the Company's share price performance and the associated impact on the Company's stock-based compensation liability.

Other Expense (Income)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2024	2023	**2024**	2023
(000s)	**($)**	($)	**($)**	($)
Put option revaluation	**(1,413)**	(149)	**(1,413)**	(149)
Gain on previously held equity interest	**—**	—	**(50,830)**	—
Net interest income	**(218)**	(5,082)	**(2,811)**	(14,394)
Equity investment (income) expense	**(303)**	3,769	**(994)**	3,337
Other expenses	**1,928**	1,035	**6,597**	1,390
Foreign exchange loss	**5,574**	14,247	**3,841**	16,758
Net monetary gain	**—**	—	**—**	(2,832)
Total other expense (income)	**5,568**	13,820	**(45,610)**	4,110

In the fourth quarter of 2024, the Company recorded a $1.4 million recovery on the obligation under put option associated with the purchase of ETB to reflect the change in the fair value of the outstanding obligation. Refer to the Put Obligation heading of this MD&A for further information.

In the first quarter of 2024, the Company recognized a non-cash gain on the revaluation of its previously held equity interest in IWS upon obtaining control of that business through the acquisition of its remaining outstanding common shares. The Company's previously held equity investment associated with IWS was remeasured to fair value, resulting in a gain of $50.8 million on the derecognition of the $31.7 million carrying value of this investment.

Net interest income is primarily comprised of interest generated from the Company's invested Total Cash and will fluctuate as available yields fluctuate. Net interest income also includes implicit interest expense on the Company's lease liabilities. Net interest income declined from $5.1 million in Q4 2023 to $0.2 million in Q4 2024 primarily as a result of lower average cash balances year over year, and a declining interest rate environment in Canada.

Equity investment income results from the Company using the equity method of accounting to account for its investment in the Pason-Rawabi joint venture, and previously its investment in IWS prior to its consolidation as a wholly-owned subsidiary in the first quarter of 2024.

Other expenses include transaction costs incurred on the common share acquisition of IWS, legal expenses incurred in connection with the Company's ongoing intellectual property litigation, as well as non-recurring severance related costs incurred in 2024.

Foreign exchange loss represents net realized and unrealized foreign exchange gains and losses on the Company's cash and cash equivalents, and working capital held in foreign currencies. In Q4 2023, the Company recorded a $14.2 million foreign exchange loss, primarily associated with cash and working capital held in Argentina which was impacted by the significant devaluation of the Argentinian Peso in late Q4 2023. In 2024, while Pason's US dollar cash balances benefited from a strengthening US dollar, the Company recorded a net foreign exchange loss of $1.9 million as a result of the revaluation of the Company outstanding US dollar payables.

Income Tax Provision

During the fourth quarter of 2024, the Company recorded an income tax expense of $2.4 million, compared to an income tax expense of $6.7 million during the comparative period in 2023. Fourth quarter 2024 income tax expense includes a $2.1 million recovery associated with the Company finalizing its purchase price allocation associated with the IWS Acquisition. Further, the Company's fourth quarter 2024 deferred tax expense includes the effects of carry forward losses recognized from IWS.

For the year ended December 31, 2024, the Company recorded an income tax expense of $23.7 million compared to an income tax expense of $34.3 million during the comparative period in 2023. While Pason's income before tax increased year over year, the increase was primarily driven by the $50.8 million gain on the revaluation of the Company's equity interest in IWS, which is not subject to income taxes. Excluding this gain, income before tax would have declined year over year resulting from the factors outlined in this MD&A.

Equity Investments

As at December 31, 2024, the Company holds $3.0 million on its Consolidated Balance Sheets relating to the carrying value of a 50% interest in Rawabi Pason Company ("Rawabi JV"), which is accounted for using the equity method. As at December 31, 2023, the Company's equity investments amount of $60.3 million also included Pason's non-controlling equity investment in IWS. Effective January 1, 2024, the Company now accounts for its investment in IWS as a fully consolidated subsidiary as a result of the IWS Acquisition.

Put Obligation

As at December 31, 2024, the Company holds a $5.3 million obligation under a put option on its Consolidated Balance Sheets (December 31, 2023: $6.2 million). The put obligation is a contractual obligation whereby the non-controlling shareholders of ETB have a put option to exercise for cash their 20% shareholdings of ETB starting in 2023 with reference to the fair value of ETB shares at the date the put option can be exercised. This put option gives rise to a financial liability and is calculated using a discounted cash flow model of the estimated future cash flows of the obligation.

Summary of Quarterly Results

Three Months Ended	Dec 31, 2022	Mar 31, 2023	Jun 30, 2023	Sep 30, 2023	Dec 31, 2023	Mar 31, 2024	Jun 30, 2024	Sep 30, 2024	**Dec 31, 2024**
(000s, except per share data)	($)	($)	($)	($)	($)	($)	($)	($)	($)
North American Drilling	77,687	79,775	67,318	72,163	70,507	73,604	63,765	74,141	**71,754**
International Drilling	14,391	15,590	14,980	15,313	17,941	14,632	15,284	15,327	**15,009**
Completions (2)	—	—	—	—	—	12,785	13,666	12,512	**13,624**
Solar and Energy Storage	2,342	2,864	2,393	5,618	4,847	3,738	3,141	3,909	**7,242**
Revenue	94,420	98,229	84,691	93,094	93,295	104,759	95,856	105,889	**107,629**
Adjusted EBITDA (1)	48,944	52,410	37,887	42,281	38,888	42,425	33,135	44,148	**42,119**
As a % of revenue	51.8	53.4	44.7	45.4	41.7	40.5	34.6	41.7	**39.1**
Funds flow from operations	45,971	43,673	33,111	40,233	37,455	34,846	28,044	36,119	**32,124**
Per share – basic	0.56	0.54	0.41	0.50	0.47	0.44	0.35	0.45	**0.40**
Per share – diluted	0.56	0.53	0.41	0.50	0.47	0.44	0.35	0.45	**0.40**
Cash from operating activities	19,942	46,265	29,658	31,698	27,412	31,014	25,976	30,375	**35,825**
Free cash flow (1)	3,709	34,710	17,988	25,016	19,317	11,733	8,031	16,654	**17,646**
Net income	35,994	35,454	24,962	27,399	8,012	69,123	10,284	23,717	**16,585**
Net income attributable to Pason	36,257	35,842	25,470	27,732	8,495	69,529	10,890	24,158	**16,927**
Per share – basic	0.44	0.44	0.32	0.35	0.11	0.87	0.14	0.30	**0.21**
Per share – diluted	0.44	0.44	0.32	0.35	0.11	0.87	0.14	0.30	**0.21**

(1) Non-GAAP financial measures are defined in Non-GAAP Financial Measures section.

(2) The Completions segment includes results generated by IWS, which were not part of the Company's consolidated reporting group until January 1, 2024 following the IWS Acquisition.

Pason’s quarterly financial results vary quarter to quarter due in part to the seasonality of the oil and gas industry in the North American business unit, which is somewhat offset by the less seasonal nature of the International, Completions, and Solar and Energy Storage business units. The first quarter is generally the strongest quarter for the North American business unit due to strong activity in Canada, where location access is best during the winter. The second quarter is typically the slowest due to spring break-up in Canada, when many areas are not accessible due to ground conditions and, therefore, do not permit the movement of heavy equipment. Activity generally increases in the third quarter, depending on the year, as ground conditions have often improved and location access becomes available; however, a rainy summer can have a significant adverse effect on drilling activity. By the fourth quarter, access to most areas in Canada becomes available when the ground freezes. Consequently, the performance of the Company may not be comparable quarter to consecutive quarter, but should be considered on the basis of results for the whole year, or by comparing results in a quarter with results in the corresponding quarter for the previous year.

The overall seasonality of the Company’s operations has, and will continue to become less pronounced as a result of market share growth internationally and in the US, along with increased diversification of operations with the Company's Completions and Solar and Energy Storage business units.

Q4 2024 vs Q3 2024

Consolidated revenue was $107.6 million in the fourth quarter of 2024, a 2% increase over consolidated revenue of $105.9 million in the third quarter of 2024, driven primarily by increased revenue within the Company's Completions and Solar and Energy Storage segments.

Revenue in the North American Drilling business unit decreased from $74.1 million in the third quarter of 2024 to $71.8 million in the fourth quarter of 2024. While drilling activity in the US remained relatively flat quarter over quarter, Canadian drilling activity experienced its typical seasonal slowdown in December. Revenue per Industry Day in the fourth quarter of 2024 was $1,046, a 1% decline from $1,058 in the third quarter of 2024, which was primarily driven by the relative regional mix of active drilling activity in each quarter. As certain regions within the North American segment experience fluctuations in activity levels due to seasonality, Pason expects Revenue per Industry Day to similarly fluctuate with the relative revenue levels associated within the North American regions.

The International business unit reported revenue of $15.0 million in the fourth quarter of 2024, comparable to $15.3 million in the third quarter of 2024.

Despite declining industry activity levels, Pason's Completions segment generated $13.6 million of revenue in the fourth quarter of 2024, a 9% increase from the $12.5 million in the third quarter of 2024. IWS Active Jobs declined slightly from 28 jobs in the third quarter of 2024 to 26 jobs in the fourth quarter, while Revenue per IWS Day increased by 16% during that time. As the Completions segment grows its customer base, Revenue per IWS Day will fluctuate depending on the mix of technology adopted amongst those existing customers. Revenue per IWS Day in the fourth quarter of 2024 also benefited from a strengthening US dollar.

The Solar and Energy Storage business unit generated $7.2 million of revenue in the fourth quarter of 2024, a new quarterly record for the segment. This compared to revenue of $3.9 million in the third quarter of 2024, with the increase driven primarily by increased control system sales. Quarterly revenue for this business unit will fluctuate with timing of delivery of control system projects.

Adjusted EBITDA was $42.1 million in the fourth quarter of 2024, or 39.1% of revenue, compared to $44.1 million in the third quarter of 2024, or 41.7% of revenue. A comparison of Adjusted EBITDA margins reflects higher levels of revenue generated by the Company's Completions and Solar and Energy Storage segments at lower margins, a reflection of the investments made for the current stage of growth of those segments.

The Company recorded net income attributable to Pason in the fourth quarter of 2024 of $16.9 million ($0.21 per share) compared to net income attributable to Pason of $24.2 million ($0.30 per share) in the third quarter of 2024. The decrease quarter over quarter is primarily driven by the factors noted above, along with higher stock based compensation expense in the fourth quarter which reflects changes in the Company's share price.

Cash from operating activities increased from $30.4 million in the third quarter of 2024 to $35.8 million in the fourth quarter of 2024 driven primarily by lower levels of investment in working capital, partially offset by the reduction of the Company's stock-based compensation liability with the timing of the payments on cash settled compensation plans. Free Cash Flow in Q4 2024 was $17.6 million compared to $16.7 million in Q3 2024, driven by higher cash from operating activities, partially offset by higher levels of net capital expenditures in the fourth quarter as the Company completed its 2024 capital expenditures plans.

Liquidity and Capital Resources

As at	**December 31, 2024**	December 31, 2023	Change
(000s)	**($)**	($)	(%)
Cash and cash equivalents	**77,197**	171,773	(55)
Short-term investments	**3,581**	—	nmf
Total Cash [(1)]	**80,778**	171,773	(53)
Working capital	**120,583**	212,561	(43)
Total assets	**614,612**	487,877	26
Total interest bearing debt	**—**	—	—

(1) Total Cash is defined as cash and cash equivalents and short-term investments from Pason's Consolidated Balance Sheets

As at December 31, 2024, Pason's balance sheet remains strong with no interest bearing debt and $80.8 million in Total Cash (December 31, 2023: $171.8 million). In the first quarter of 2024, the Company finalized the acquisition of outstanding IWS common shares financed with cash on hand totaling $88.2 million.

Also in the first quarter of 2024, the Company invested in USD denominated Central Bank of the Argentine Republic's Bond for the Recovery of a Free Argentina program. These bonds are included in short-term investments on the Company's Consolidated Balance Sheets with a balance of $3.6 million as at December 31, 2024. Throughout 2024, the Company received $0.8 million in amortization payments on these outstanding bonds.

Working capital of $120.6 million as at December 31, 2024 compares to $212.6 million as at December 31, 2023 and reflects the cash deployed and working capital balances assumed in connection with the IWS Acquisition in the first quarter of 2024. Similarly, Total Assets of $614.6 million as at December 31, 2024 have increased from $487.9 million as at December 31, 2023, primarily as a result of the intangible assets and goodwill recognition in connection with the IWS Acquisition.

Credit Facilities

As at December 31, 2024, the Company does not have any interest bearing debt outstanding, consistent with December 31, 2023.

As at December 31, 2024, the Company has the following undrawn credit facilities in place:

Demand Facility

The Company has an undrawn $5.0 million demand revolving credit facility (the "Demand Facility"), which is unchanged from December 31, 2023.

Interest on the Demand Facility is payable monthly on amounts drawn and is based on either the lender's prime rate, US Base rate loans, Bankers' Acceptance rates, plus applicable margins. The Demand Facility is available to the Company for working capital purposes, and amounts drawn against it are recorded as long-term debt. The Company can repay, without penalty, advances under the facility. The Demand Facility is secured by a general security agreement on the assets of the Company, Pason Systems Corp., and Pason Systems USA Corp.

Under the Demand Facility, the Company is subject to the following financial covenants:

- To maintain, on a consolidated basis, to be measured as at the end of each fiscal quarter, a ratio of debt to income before interest, taxes, depreciation and amortization, and impairment losses (EBITDA), calculated on a rolling four quarters basis for the fiscal quarter then ended and the immediately preceding three fiscal quarters of not greater than 1.50:1.
- To maintain an EBITDA for Pason Systems Corp. plus Pason Systems USA of not less than 80% of consolidated EBITDA.

Both covenants have been met throughout the reporting periods.

ABL Facility

The Company also has an undrawn asset based lending facility which was assumed through the IWS Acquisition (the "ABL Facility"). The ABL Facility allows the Company to borrow up to the lesser of $10.0 million, and a calculated amount based on eligible accounts receivable and cash outstanding at each reporting period. As at December 31, 2024, the available balance on the ABL Facility is $10.0 million.

Interest on the ABL Facility is payable monthly on amounts drawn and is based on the lender's prime rate plus applicable margins. The ABL Facility is available to the Company for working capital purposes, and amounts drawn against it are recorded as long-term debt. The Company can repay, without penalty, advances under the facility. The ABL Facility is secured by a general security agreement on the assets of Intelligent Wellhead Systems Inc., Intelligent Wellhead Systems Corp. and IWS USA Corp.

Cash Flow Statement Summary

	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2024	2023	Change	**2024**	2023	Change
(000s)	**($)**	($)	(%)	**($)**	($)	(%)
Funds flow from operations	**32,124**	37,455	(14)	**131,133**	154,472	(15)
Cash from operating activities	**35,825**	27,412	31	**123,190**	135,033	(9)
Cash used in financing activities	**(14,016)**	(12,397)	13	**(63,367)**	(65,819)	(4)
Cash used in investing activities	**(17,919)**	27,282	(166)	**(155,584)**	(13,065)	1,091
Net capital expenditures (1)	**18,179**	8,095	125	**69,126**	38,002	82
As a % of funds flow (2)	**56.6 %**	21.6 %	3,500 bps	**52.7 %**	25.2 %	2,750 bps

(1) Includes additions to property, plant, and equipment, proceeds on disposals, changes in non-cash working capital, and development costs from Pason's Consolidated Statements of Cash Flows.

(2) Defined within Supplementary Financial Measures under Non-GAAP Financial Measures

Cash from operating activities

Funds flow from operations of $32.1 million in the fourth quarter of 2024 represents a 14% decline from $37.5 million generated in the 2023 comparative period. While Adjusted EBITDA increased year over year, interest income levels declined given the lower Total Cash balance and interest rate environment in 2024 compared to 2023. Offsetting this decline, the Company had lower levels of investments in working capital in the current quarter, resulting in increased cash from operating activities of $35.8 million in the fourth quarter of 2024 compared to $27.4 million generated in the comparative 2023 period.

Cash used in financing activities

Cash used in financing activities was $14.0 million during the fourth quarter of 2024, compared to $12.4 million during the comparative quarter of 2023. Cash used in financing activities is primarily comprised of the Company's quarterly dividend and repurchases under its Normal Course Issuer Bid:

Dividend

During the three month period ended December 31, 2024, the Company paid dividends to holders of common shares totaling $10.3 million, or $0.13 per share, up from $9.6 million, or $0.12 per share in Q4 2023.

On February 27, 2025, the Company declared a quarterly dividend of $0.13 per share on the Company’s common shares. The dividend will be paid on March 31, 2025 to shareholders of record at the close of business on March 17, 2025.

Normal Course Issuer Bid ("NCIB")

On December 17, 2024, the Company announced the renewal of its NCIB commencing on December 20, 2024, and expiring on December 19, 2025. Under the renewed NCIB, the Company may purchase for cancellation, as the Company considers advisable, up to a maximum of 7,135,070 common shares, which represents approximately 10% of the applicable public float at the time of renewal.

The actual number of common shares that may be purchased for cancellation and the timing of any such purchases will be determined by the Company, subject to a maximum daily purchase limitation of 36,288 common shares. The Company may make one block purchase per calendar week which exceeds the daily purchase restriction.

For the three month period ended December 31, 2024, the Company repurchased 216,100 (fourth quarter of 2023 - 346,100) shares for cancellation for total cash consideration of $3.0 million (fourth quarter of 2023 - $5.0 million).

For the year ended December 31, 2024, the Company repurchased 661,200 (2023 - 2,150,900) shares for cancellation for total cash consideration of $10.0 million (2023 - $27.9 million). The total consideration is allocated between share capital and retained earnings.

Pason continues to assess capital allocation on an ongoing basis taking into account, among other considerations, the Company’s financial position, operating results, and industry outlook. Pason will continue to balance the Company's commitment to shareholder returns while preserving financial strength to support long-term success.

Cash used in investing activities

During the fourth quarter of 2024, Pason invested $18.2 million in net capital expenditures, an increase from $8.1 million in the fourth quarter of 2023 as the Company executes on its 2024 capital budget. Net capital expenditures in the current quarter includes investments associated with supporting the continued growth of the Company's Completions segment, for which there would be no associated capital expenditures during the 2023 comparative period given the January 1, 2024 effective date of the IWS Acquisition. Net capital expenditures in Q4 2024 also includes investments associated with the ongoing refresh of Pason's drilling related technology platform and continued investments in the new Pason Mud Analyzer.

Commitments and Contingencies

As at December 31, 2024	Less than 1 year	1–3 years	Thereafter	**Total**
(000s)	($)	($)	($)	**($)**
Leases and other operating contracts	7,838	10,827	10,695	**29,360**
Capital commitments	19,585	—	—	**19,585**
Total contractual obligations	27,423	10,827	10,695	**48,945**

Leases and other operating contracts relate primarily to minimum future lease payments for facility leases, commitments associated with ongoing repair costs of the Company's equipment and technology, and commitments to purchase hardware associated with ETB's control system sales offering. A portion of these commitments have been recognized on the balance sheet as a leased asset with a corresponding liability, in accordance with IFRS 16, Leases.

Capital commitments relate to contracts to purchase property, plant and equipment in the normal course of business.

The Company is involved in litigation and disputes arising in the normal course of business. Management regularly evaluates the likelihood of potential liabilities being incurred and the amounts of such liabilities after careful examination of available information and discussions with its legal advisors.

In May of 2023, a competitor filed a patent infringement lawsuit against IWS in the District of Colorado alleging IWS' infringement of two patents relating to certain aspects of continuous hydraulic fracturing. Given the stage of the lawsuit, management is not currently able to estimate the extent of potential costs and losses related to this claim, if any. Consequently, no provision has been recorded in the Company's Consolidated Financial Statements related to this litigation. The Company does not currently believe the outcome of any pending or threatened proceedings related to this patent litigation is probable to result in IWS being required to pay any amounts which would have a material adverse impact on its financial position, results of operations, or liquidity.

Disclosure of Outstanding Share and Options Data

As at December 31, 2024, there were 79,426,065 common shares and 2,811,651 options issued and outstanding. As at February 27, 2025, there were 79,430,655 common shares and 2,797,563 options issued and outstanding.

Impact of Hyperinflation

Due to various qualitative and quantitative factors, Argentina was designated a hyper-inflationary economy as of the second quarter of 2018 for accounting purposes. As such, the Company applied accounting standards IAS 21, The Effects of Changes in Foreign Exchange, and IAS 29, Financial Reporting in Hyper-Inflationary Economies in its Consolidated Financial Statements for its Argentinian operating subsidiary during periods where the functional currency of the Company's Argentinian subsidiary is the Argentinian Peso. In these periods, the Company's Consolidated Financial Statements are based on the historical cost approach in IAS 29.

During the fourth quarter of 2023, given a change in facts and circumstances, management determined that there was a change in functional currency of the Argentinian subsidiary from the Argentinian Peso to the US dollar. As a result, starting in the fourth quarter of 2023, hyperinflationary accounting rules were no longer incorporated into Pason's results.

The impact of applying IAS 21 to the operating results of the Argentina subsidiary for the comparative 2023 periods are detailed as follows:

Impact on IFRS Measures

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2024	2023	**2024**	2023
(000s)	**($)**	($)	**($)**	($)
(Decrease) in revenue	—	—	—	(888)
Decrease in rental services and local administration expenses	—	—	—	285
(Increase) in depreciation expense	—	—	—	(217)
Increase in segment gross (loss)	**—**	**—**	**—**	**(820)**
Net monetary gain presented in other expenses	—	—	—	2,832
(Increase) in other income	—	—	—	(530)
Decrease in income tax provision	—	—	—	376
Increase in net income	**—**	**—**	**—**	**1,858**

Impact on Non-GAAP Measures

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2024	2023	**2024**	2023
(000s)	**($)**	($)	**($)**	($)
Decrease in revenue	—	—	—	(888)
Decrease in rental services and local administration expenses	—	—	—	285
Net monetary gain presented in other expenses	—	—	—	2,832
(Increase) in other expenses	—	—	—	(530)
Increase in EBITDA	**—**	—	**—**	1,699
Elimination of net monetary gain presented in other expenses	—	—	—	(2,832)
Elimination of other expenses	—	—	—	530
(Decrease) in Adjusted EBITDA	**—**	—	**—**	(603)

Additional IFRS Measures

In its Consolidated Financial Statements, the Company uses certain additional IFRS measures. Management believes these measures provide useful supplemental information to readers.

Funds flow from operations

Management believes that funds flow from operations, as reported in the Consolidated Statements of Cash Flows, is a useful additional measure as it represents the cash generated during the period, regardless of the timing of collection of receivables and payment of payables. Funds flow from operations represents the cash flow from continuing operations, excluding non-cash items. Funds flow from operations is defined as net income adjusted for depreciation and amortization expense, stock-based compensation expense, deferred taxes, and other non-cash items impacting operations.

Cash from operating activities

Cash from operating activities is defined as funds flow from operations adjusted for changes in working capital items.

Non-GAAP Financial Measures

A non-GAAP financial measure has the definition set out in National Instrument 52-112 "Non-GAAP and Other Financial Measures Disclosure".

The following non-GAAP measures may not be comparable to measures used by other companies. Management believes these non-GAAP measures provide readers with additional information regarding the Company's operating performance, and ability to generate funds to finance its operations, fund its research and development and capital expenditure program, and return capital to shareholders through dividends or share repurchases.

EBITDA and Adjusted EBITDA

EBITDA is defined as net income before interest income and expense, income taxes, stock-based compensation expense, and depreciation and amortization expense. Adjusted EBITDA is defined as EBITDA, adjusted for foreign exchange, impairment of property, plant, and equipment, restructuring costs, net monetary adjustments, government wage assistance, revaluation of put obligation, gain or loss on mark-to-market of short-term investments, gain on previously held equity interest and other items, which the Company does not consider to be in the normal course of continuing operations.

Management believes that EBITDA and Adjusted EBITDA are useful supplemental measures as they provide an indication of the results generated by the Company's principal business activities prior to the consideration of how these results are taxed in multiple jurisdictions, how the results are impacted by foreign exchange or how the results are impacted by the Company's accounting policies for equity-based compensation plans.

Reconcile Net Income to EBITDA

Three Months Ended	Mar 31, 2023	Jun 30, 2023	Sep 30, 2023	Dec 31, 2023	Mar 31, 2024	Jun 30, 2024	Sep 30, 2024	**Dec 31, 2024**
(000s)	($)	($)	($)	($)	($)	($)	($)	($)
Net income	35,454	24,962	27,399	8,012	69,123	10,284	23,717	**16,585**
Add:								
Income taxes	12,374	7,906	7,356	6,710	9,057	6,048	6,148	**2,404**
Depreciation and amortization	6,616	5,815	6,988	7,797	11,730	12,901	13,659	**13,889**
Stock-based compensation	(82)	1,986	5,082	4,732	3,011	4,634	(117)	**3,370**
Net interest (income)	(2,607)	(2,847)	(3,858)	(5,082)	(1,411)	(522)	(803)	**(218)**
EBITDA	51,755	37,822	42,967	22,169	91,510	33,345	42,604	**36,030**

Reconcile EBITDA to Adjusted EBITDA

Three Months Ended	Mar 31, 2023	Jun 30, 2023	Sep 30, 2023	Dec 31, 2023	Mar 31, 2024	Jun 30, 2024	Sep 30, 2024	**Dec 31, 2024**
(000s)	($)	($)	($)	($)	($)	($)	($)	**($)**
EBITDA	51,755	37,822	42,967	22,169	91,510	33,345	42,604	**36,030**
Add:								
Foreign exchange loss (gain)	233	1,597	681	14,247	714	(1,202)	(1,245)	**5,574**
Put option revaluation	—	—	—	(149)	—	—	—	**(1,413)**
Net monetary gain	(159)	(1,196)	(1,477)	—	—	—	—	**—**
Gain on previously held equity interest	—	—	—	—	(50,830)	—	—	**—**
Other	581	(336)	110	2,621	1,031	992	2,789	**1,928**
Adjusted EBITDA	52,410	37,887	42,281	38,888	42,425	33,135	44,148	**42,119**

Free cash flow

Free cash flow is defined as cash from operating activities plus proceeds on disposal of property, plant, and equipment, less capital expenditures (including changes to non-cash working capital associated with capital expenditures), and deferred development costs. This metric provides a key measure on the Company's ability to generate cash from its principal business activities after funding capital expenditure programs, and provides an indication of the amount of cash available to finance, among other items, the Company's dividend and other investment opportunities.

Reconcile cash from operating activities to free cash flow

Three Months Ended	Mar 31, 2023	Jun 30, 2023	Sep 30, 2023	Dec 31, 2023	Mar 31, 2024	Jun 30, 2024	Sep 30, 2024	**Dec 31, 2024**
(000s)	($)	($)	($)	($)	($)	($)	($)	**($)**
Cash from operating activities	46,265	29,658	31,698	27,412	31,014	25,976	30,375	**35,825**
Less:								
Net additions to property, plant and equipment	(11,404)	(11,303)	(6,474)	(7,720)	(17,834)	(16,695)	(12,444)	**(16,707)**
Deferred development costs	(151)	(367)	(208)	(375)	(1,447)	(1,250)	(1,277)	**(1,472)**
Free cash flow	34,710	17,988	25,016	19,317	11,733	8,031	16,654	**17,646**

Supplementary Financial Measures

A supplementary financial measure: (a) is, or is intended to be, disclosed on a periodic basis to depict the historical or expected future financial performance, financial position or cash flow of the Company; (b) is not presented in the financial statements of the Company; (c) is not a non-GAAP financial measure; and (d) is not a non-GAAP ratio. Supplementary financial measures found within this MD&A are as follows:

Revenue per Industry Day

Revenue per Industry Day is defined as the total revenue generated from the North American Drilling segment over all active drilling rig days in the North American market. This metric provides a key measure of the North American Drilling segment's ability to evaluate and manage product adoption, pricing, and market share penetration. Drilling rig days are calculated by using accepted industry sources.

IWS Active Jobs

IWS Active Jobs represents the average number of jobs per day that IWS is generating revenue on through the rental of its technology offering to customers during the reporting period. This metric provides a key measure of IWS' market penetration.

Revenue per IWS Day

Revenue per IWS Day is defined as the total revenue generated by the Completions segment over all IWS active days during the reporting period. IWS active days are calculated by using IWS Active Jobs in the reporting period. This metric provides a key measure of IWS' ability to evaluate and manage product adoption and pricing.

Adjusted EBITDA as a percentage of revenue

Calculated as adjusted EBITDA divided by revenue.

Net capital expenditures as a percentage of funds flow from operations

Calculated as net capital expenditures divided by funds flow from operations.

Total Cash

Calculated as the sum of cash and cash equivalents, and short-term investments from the Company's Consolidated Balance Sheets. The Company's short term-investments are comprised of US dollar bonds.

Critical Accounting Estimates

The preparation of the Company's Consolidated Financial Statements requires that certain estimates and judgements be made with respect to the reported amounts of revenue and expenses and the carrying value of assets and liabilities. These estimates are based on historical experience and management's judgements based on information available as at the financial statement date, and, as a result, the estimates used by management involve uncertainty and may change as additional experience is acquired. As such, actual results may differ significantly from estimates made within the Consolidated Financial Statements for the year ended December 31, 2024.

Allowance for Doubtful Accounts

Amounts included in allowance for doubtful accounts reflect the expected credit losses for the Company's trade receivables. The Company determines the allowance amount based on management's best estimate of expected losses, considering actual loss history as well as current and projected economic and industry activity. Significant or unexpected changes in economic conditions could significantly impact the Company's future expected credit losses.

Depreciation & Amortization

When calculating depreciation of property, plant and equipment, and amortization of intangible assets, the Company estimates the useful lives and residual values of the related assets. The estimates made by management regarding the useful lives and residual values affect the carrying amounts of the property and equipment and intangible assets on the balance sheet and the related depreciation and amortization expenses recognized in the statement of operations. Assessing the reasonableness of the estimated useful lives of property and equipment and intangible assets requires judgment and is based on available information. The Company periodically, and at least annually, evaluates its depreciation and amortization methods and rates for consistency against those methods and rates used by its peers, or may revise initial estimates for changes in circumstances, such as technological advancements. A change in the estimated remaining useful life or the residual value will affect the depreciation or amortization expense prospectively.

Carrying Value of Assets

For purposes of reviewing whether goodwill impairment exists, the Group has determined that the assets of each of its operating segments are an appropriate basis for its cash generating units (CGUs). The Company uses judgment in the determination of the CGUs.

At each reporting period, management assesses whether there are indicators of impairment of the Company's property and equipment, intangible assets, and goodwill. If an indication of impairment exists, the property and equipment, intangible assets, and goodwill are tested for impairment. If not, goodwill is tested for impairment at least annually. In order to determine if impairment exists and to measure the potential impairment charge, the carrying amounts of the Company's CGUs are compared to their recoverable amounts, which is the greater of fair value less costs to sell and value in use (VIU). An impairment charge is recognized to the extent the carrying amount exceeds the recoverable amount. VIU is calculated as the present value of the expected future cash flows specific to each CGU. In calculating VIU, significant judgments are required in making assumptions with respect to discount rates, the market outlook, and future cash flows associated with the CGU. Any changes in these assumptions will have an impact on the measurement of the recoverable amount and could result in adjustments to impairment charges already recorded.

At December 31, 2024, the Company performed an impairment test on its goodwill and concluded that there was no impairment.

Fair value of assets acquired in business combinations

In preparing the purchase price allocation for the business combination completed in 2024, we estimated the fair value of assets acquired which primarily relate to the intangibles and technology of IWS. The estimated fair value of the intangibles is based on attributed values and estimated lives of identifiable intangible assets acquired. Changes in these assumptions, including the discount rate used, would change the amount of capital assets recognized and as a result may cause rise to goodwill or gains recognized on the acquisition and future depreciation expense.

Inventories

The Company evaluates its inventory to ensure it is carried at the lower of cost and net realizable value. Provisions are made against obsolete and damaged inventories and are charged to rental services. These provisions are assessed at each reporting date for adequacy. Any reversal of a write-down of inventory arising from an increase in net realizable value will be recognized as a reduction in rental services in the period in which the reversal occurred.

Provisions and Contingencies

The Company recognizes provisions based on an assessment of its obligations and available information. Any matters not included as provisions are uncertain in nature and cannot be reasonably estimated.

The Company makes assumptions to determine whether obligations exist and to estimate the amount of obligations that we believe exist. In estimating the final outcome of litigation, assumptions are made about factors including experience with similar matters, past history, precedents, relevant financial, scientific, and other evidence and facts specific to the matter. This determines whether a provision or disclosure in the financial statements is needed.

Development Costs

New product development projects that meet the capitalization criteria are capitalized, and include the cost of materials and direct labour costs that are directly attributable to preparing the asset for its intended use. Subsequent changes in facts or circumstances could result in the balance of the related deferred costs being expensed in profit or loss. Results could differ due to changes in technology or if actual future economic benefit differs materially from what was expected.

Stock-Based Compensation

The fair value of stock options is calculated using a Black-Scholes option pricing model. There are a number of estimates used in the calculation, such as the estimated forfeiture rate, expected option life, and the future price volatility of the underlying security, which can vary from actual future events. The factors applied in the calculation are management’s best estimates based on historical information and future forecasts.

The fair value of Performance Share Units is calculated using management's best estimate of the Company's ability to achieve certain performance measures and objectives as set out by the Board of

Directors, considering historical and expected performance. Changes in these estimates and future events could alter the calculation of the provision for such compensation.

Income Taxes

The Company operates in multiple jurisdictions with complex legal and tax regulatory environments. In certain of these jurisdictions, the Company has taken income tax positions that management believes are supportable and are intended to withstand challenge by tax authorities. Some of these positions are inherently uncertain and include those relating to transfer pricing matters and the interpretation of income tax laws applied to complex transactions as the tax positions taken by the Company rely on the exercise of judgment and it is frequently possible for there to be a range of legitimate and reasonable views.

The Company has adopted certain transfer pricing (TP) policies and methodologies to value inter-company transactions that occur in the normal course of business. The value placed on such transactions must meet certain guidelines that have been established by the tax authorities in the jurisdictions in which the Company operates. The Company believes that its TP methodologies are in accordance with such guidelines. The Company entered into a Bilateral Advanced Pricing Arrangement (APA) with the Canada Revenue Agency (CRA) and the Internal Revenue Service (IRS) (collectively, the Parties) covering the taxation years ended December 31, 2013, through to December 31, 2021. The purpose of this APA was for the Company to obtain agreement among the Parties on the TP methodology applied to the material inter-company transactions between Pason Systems Corp. (Pason Canada) and Pason Systems USA and Petron (collectively Pason USA) (the covered transactions). A new APA agreement effective January 1, 2022 is under review with the above tax regulatory authorities. Consistent with the prior agreement, the purpose of this APA is for the Company to obtain agreement among the Parties on the TP methodology applied to the material inter-company transactions of the Company.

The calculation of deferred income taxes is based on a number of assumptions, including estimating the future periods in which temporary differences, tax losses, and other tax credits will reverse. Tax interpretations, regulations, and legislation in the various jurisdictions in which the Company and its subsidiaries operate are subject to change.

The estimation of deferred tax assets and liabilities includes uncertainty with respect to the reversal of temporary differences.

Deferred tax assets are recognized when it is probable that taxable income will be available against which the temporary differences or tax losses giving rise to the deferred tax asset can be used. This requires estimation of future taxable income and use of tax loss carry-forwards for a considerable period into the future. Income tax expense in future periods may be affected to the extent actual taxable income is not sufficient or available to use the temporary differences, giving rise to the deferred tax asset.

Material Accounting Policies

The Company's material accounting policies have been disclosed within Note 3 of Pason's Consolidated Financial Statements for the year ended December 31, 2024.

Risks and Uncertainties

The following information is a summary of certain risk factors relating to Pason. This section does not describe all risks applicable to the Company, its industry or its business, and is intended only as a summary of certain material risks. Investors should also consider the other risks described throughout this AIF and the Company’s other public disclosure documents on file with the Canadian securities regulatory authorities available on SEDAR+ (www.sedarplus.ca). Additional risks and uncertainties not currently known to Pason, or that Pason currently considers remote or immaterial, may also impair the operations of the Company. Should any such risks actually occur, Pason’s business, financial condition, operating results or price and liquidity of Pason’s securities could be materially harmed.

Commodity Prices and Drilling Activity Levels

Pason derives most of its revenue from the rental of instrumentation and data services to Operators and Contractors in Canada, the US, Australia, Latin America and the Middle East during drilling and completions activities. The success of the Company’s business depends on the level of industry activity for oil and natural gas exploration and development in the markets in which Pason operates. The level of oil and natural gas industry activity has seen significant volatility in recent years and is influenced by numerous factors over which the Company has no control. One of the primary factors is prevailing oil and natural gas commodity prices, which fluctuate in response to factors beyond Pason’s control. Such factors could include, but may not be limited to: global supply and demand for crude oil and natural gas; the cost of exploring for, producing and delivering oil and natural gas; pipeline availability and the capacity of other oil and natural gas transportation and processing systems; the actions of the Organization of Petroleum Exporting Countries and other major petroleum exporting countries; global political, military, regulatory, economic and social conditions; government regulation; political stability in the Middle East and elsewhere; the price of foreign imports; the availability of alternate fuel sources; and prevailing weather conditions.

From 2014 to 2020, global commodity prices were negatively affected by a combination of factors including increased production, decisions of OPEC and Russia, and the impact of the COVID-19 pandemic on overall demand for oil and gas. These headwinds drove significant pressure on commodity prices, and adversely impacted the level of capital spending by our customers on exploration and production activities and could continue to do so. Concurrently, Operators navigated ongoing pressure from the investment community to constrain spending within cash flows and further allocate a significant portion of cash flow generation to returns to shareholders, impacting the amount of drilling and completions related capital expenditures.

Throughout 2021, commodity prices and global drilling and completions activity began to recover from the lows experienced in 2020, as the demand for oil and gas neared pre-pandemic levels, while supply lagged significantly.

Global macroeconomic and geopolitical conditions have continued to be challenging, leading to further commodity price volatility. Beginning in 2022, central banks increased interest rates to address high prevailing levels of inflation and concerns around economic recession. In addition, Operators and Contractors have experienced supply chain bottlenecks and equipment availability challenges. More recently, the state of certain international markets has also added to the uncertainty surrounding commodity prices. The People's Republic of China has faced economic challenges, such as a weakening real estate market and reduced consumer spending. The actions that may be taken by the Chinese government to combat a potential economic slowdown remain to be seen. The effect such macroeconomic and geopolitical uncertainties could have on commodity prices may become even more pronounced if tariffs are imposed by the US on North American and international trade (as further described under the heading Potential Impact of Tariffs, below).

In addition, there has been significant geopolitical instability with ongoing conflict between Russia and the Ukraine, and in the Middle East. While prevailing levels of inflation have recently come down in North America, and central banks have begun lowering interest rates, there remains significant geopolitical uncertainty.

These aforementioned factors could continue to put pressure on commodity prices, adversely impacting the level of drilling and completions activity in the regions in which Pason operates, which could have a materially adverse effect on Pason’s business, financial condition, results of operations and cash flows. Pason does not have any operations or revenue generated in Russia, the Ukraine or Israel. However, ongoing conflict may negatively impact commodity price volatility and global financial conditions, which could have an indirect adverse effect on Pason’s business and financial condition.

Seasonal Factors

Drilling and completions activity in Canada is seasonal due to weather that limits access to wellsites in the spring and summer, making the first and last quarters of each year the peak level of demand for Pason's services due to the higher level of activity. The length of the drilling season can be shortened due to warmer winter weather or rainy seasons. Pason can offset some of this risk, although not eliminate it, through continued growth in the US and internationally, where drilling and completions activity is less seasonal.

Business Transactions

Pason completed the IWS Acquisition on January 1, 2024. Achieving the benefits of acquisitions depends in part on the acquired business performing as expected, successfully consolidating functions, retaining key employees and customer relationships, and integrating operations and procedures in a timely and efficient manner. Business transactions may expose Pason to additional risks, including: difficulties in integrating administrative, financial reporting, operational and information systems and managing newly-acquired operations; difficulties in maintaining uniform standards, controls, procedures and policies through all of the Company's operations; entry into markets in which Pason has little or no direct prior experience; difficulties in retaining key employees of the acquired operations; disruptions to Pason's ongoing business; and diversion of management time and resources. Any of the foregoing could adversely affect the Corporation's financial condition and results of operations.

Credit and Liquidity

Pason is exposed to credit risk to the extent that its customers, operating primarily in the oil and natural gas industry, may experience financial difficulty and be unable to meet their obligations. During times of depressed oil and gas markets, or wider economic uncertainty, customers may experience financial constraints. Further, many of our customers require reasonable access to credit facilities and debt capital markets to finance their oil and natural gas drilling and completions activity. If the availability of credit to our customers is reduced, they may reduce their drilling and completions expenditures, reducing the demand for the Company's products and services. While Pason monitors its exposure to credit risk and has a large customer base, which minimizes Pason's risk exposure to the financial concerns of any single customer, lack of payment from multiple clients may have a material adverse effect on the Company's financial condition.

Customers

Pason has a large customer base, consisting of both Operators and Contractors, and no single customer accounted for more than 10% of the consolidated revenues of the Company this fiscal year. Notwithstanding, the loss of one or more major customers, further consolidation in the industry, or a reduction in the amount of business Pason conducts with any of its major customers, could have a significant impact on Pason's revenue if not offset by obtaining new customers or increasing the amount of business it conducts with existing customers. Given its stage of development, the Completions Segment is more sensitive to customer mix and changes in the activity of specific customers than the Drilling Segments, where our financial results are more strongly correlated to overall industry activity given our substantial market share.

Competition

Pason's main source of competition for its Drilling Segments remains the instrumentation divisions of large US service companies. Potential actions taken by competitors, such as pricing changes and new products and technologies, could affect the Company's leading market share or competitive position in the drilling sector. Pason's main source of competition for its Completions Segment includes valve manufactures and small to mid-sized service companies. Potential actions taken by these competitors, such as improved integration within the greater completions process and the development of new digital monitoring and reporting products, could affect the Company's market share and competitive position in the completions sector. In addition, while the Company continues to make investments in R&D and capital expenditures to provide innovative technologies for customers, management cannot reasonably predict whether these investments will result in increased levels of product adoption, market share or pricing. These factors could materially affect our business, financial condition, results of operations and cash flows.

Qualified Personnel and Access to Talent

Due to the specialized and technical nature of Pason's business, Pason is highly dependent on attracting and retaining qualified, key employees, which involves compensating them appropriately. The shift to remote work in some roles, particularly since the start of the COVID-19 pandemic, has expanded the job market beyond traditional geographic boundaries. Employers must now compete for talent not only locally, but within a greater global market. Due to high levels of competition for qualified personnel, there can be no assurance that qualified personnel will be attracted or retained to meet the growth needs of the business. Further, Pason does not carry "key person" insurance on any of its key employees. In addition, Pason's ability to meet activity levels and customer demand for the Company's products and services will depend on the ability to attract qualified personnel as needed, which may be more difficult in periods of rapidly accelerated growth in activity levels.

The inability to recruit or retain skilled personnel or their inability to perform their duties could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows. To mitigate these risks, Pason has a dedicated HR department in each significant business segment that is focused on proactive recruiting and retention initiatives.

Intellectual Property

Pason relies on innovative technologies and products to maintain its competitive position in the market. Pason employs trademarks, patents, contracts, and other measures to protect the Company's intellectual property, trade secrets and confidential information. Pason also believes that the rapid pace of technological change in the industry, technical expertise, knowledge, and innovative skills, combined with an ability to rapidly develop, produce, enhance, and market products, provides protection in maintaining a competitive position.

Despite these precautions, it may be possible for third parties to attempt to infringe the Company's intellectual property and Pason could incur substantial costs to protect and enforce its intellectual property rights. Moreover, from time to time third parties may assert patent, trademark, copyright and other intellectual property rights to technologies that are important to the Company. In such an event, the Company may be required to incur significant costs in litigating a resolution to the asserted claim. There can be no assurance that such a resolution would not require that the Company pay damages or obtain a license of a third party's proprietary rights in order to continue to provide its products as currently offered, or, if such a license is required, that it will be available on terms acceptable to the Company.

Cyber Security

The Company takes measures and makes meaningful investments to protect the security and integrity of its IT infrastructure and data, however, there is a risk that these measures may not fully protect against a potential security breach, which could have a negative impact on the Company's ability to operate or its reputation. Natural disasters, energy blackouts, operating malfunction, viruses or malware, cyber security attacks, theft, computer or telecommunication errors, human error, internal or external misconduct or other unknown disruptive events could result in the temporary or permanent loss of any or all parts of the IT infrastructure or data. There is a risk the data and other electronic information stored in Pason's IT infrastructure could be accessed, publicly disclosed, lost, or stolen. Such occurrences could negatively affect Pason's business and financial performance in the form of loss of revenue, increased operational costs, reputational damage or litigation.

Technology

Pason's ability to meet customer demands may be influenced by advances and changes in technology. To the extent that Pason is not reasonably able keep up with changes in technology, demand for its services may be hindered. In addition, while the Company continues to make investments in R&D and capital expenditures to provide innovative technologies for customers, management cannot reasonably predict whether these investments will result in increased levels of product adoption, market share or pricing. These factors could materially affect our business, financial condition, results of operations and cash flows.

Availability of Raw Materials, Parts, or Finished Products

Pason purchases many materials, components and finished products in connection with its operations. Some of the components and finished products are obtained from a single source or a limited group of suppliers. While Pason makes it a priority to maintain and enhance these strategic relationships, there can be no assurance that these relationships will continue and reliance on these suppliers involves risks, including price increases, inferior component quality, unilateral termination, and a potential inability to obtain an adequate supply of required components or finished products in a timely manner. While Pason has long standing relationships with recognized and reputable suppliers, it does not have long-term contracts with all of its suppliers, and the partial or complete loss of certain of these sources could have a negative impact on the Company's operations and could damage customer relationships. Further, a significant increase in the price of one or more of these components could have a negative impact on Pason's cost structure.

The Company's ability to provide services to its customers is also dependent upon the ongoing refresh of existing hardware within its technology offering, which requires purchases of materials, components and finished products. While Pason has a dedicated procurement team that proactively manages required equipment and hardware needs, the availability and supply of these items may be impacted in periods of high or recovering activity levels, such as those seen recently. Supply chain disruptions may result in timing delays on expected deliveries for certain components of the Company's product offering and may impact the Company's cost structure and ability to meet rising activity levels.

Potential Impact of Tariffs

Pason sources, manufactures and repairs products within both Canada and the US for use across its entire operations. The potential imposition of US tariffs on Canadian imports could adversely impact our business by increasing costs of raw materials and finished products, reducing profitability, and affecting our supply chain. These tariffs may also create pricing pressures that cannot be fully passed on to customers. Additionally, potential retaliatory tariffs imposed by Canada could further impact our costs and limit access to key markets, increasing financial and operational challenges. Finally, the imposition of US or Canadian tariffs could have similar adverse affects on Pason's customers, which could result in decreased customer profitability and a reduction in overall industry activity, ultimately impacting the demand for Pason's products and services.

Pason is actively monitoring trade developments and assessing mitigation strategies such as supply chain diversification and cost management. However, the extent and duration of any tariffs remain uncertain, and there is no assurance that our efforts will fully offset the potential adverse effects.

Geopolitical Risk

Assets outside of Canada and the US may be adversely affected by changes in governmental policy, social instability, or other political or economic developments beyond Pason's control, including expropriation of property, exchange rate fluctuations, and restrictions on repatriation of cash. The Company has mitigated these risks where practical and warranted. Most of Pason's revenues are generated in Canada and the US, which limits exposure to risks and uncertainties in foreign countries. Pason does not have any operations or revenue generated in Russia, the Ukraine or Israel. The Company's Argentinian subsidiary is currently operating in a highly inflationary economy, and Pason's operating results in the country are being impacted by a weakening Argentina peso relative to the Canadian dollar. Pason is also unable to predict the actions that may be taken by the Argentinean government in connection with such hyper-inflation, such as monetary reforms or policy changes, which could also impact the Company's financial position as a result of its operations in Argentina.

Foreign Exchange Risk

The Company operates internationally and is primarily exposed to exchange risk relative to the US dollar. The Canadian operations are exposed to currency risk on US denominated financial assets and liabilities with fluctuations in the rate recognized as foreign exchange gains or losses in the consolidated financial statements. The Company's self-sustaining foreign subsidiaries expose the Company to exchange rate risk on the translation of their financial assets and liabilities to Canadian dollars for public reporting purposes. Adjustments arising when translating the foreign subsidiaries into Canadian dollars are reflected in the consolidated financial statements as unrealized foreign currency translation adjustments. The Company does not employ any financial instruments to manage foreign exchange risk at this time. Most of the Company's activities are conducted in Canada and the US, where local revenue is earned against local expenses, and the Company is therefore naturally hedged.

Safety Performance

Pason has programs in place to address compliance with prevailing safety and regulatory standards. The Company's safety managers oversee policy development, maintenance, and operational monitoring. Poor safety performance may result in lower demand for Pason's services. Standards for accident prevention in the oil and natural gas industry are governed by company safety policies and procedures, accepted industry safety practices, customer specific safety requirements, and health and safety legislation. Safety is a key factor for customers when selecting an oilfield service provider. Any decline in Pason's safety performance could result in lower demand for services, thereby adversely affecting revenues, cash flows, and earnings. Pason is subject to various health and safety laws, regulations, legislation, and guidelines, which can impose material liability, increase costs or lead to lower demand for services.

Climate Related Risks

Regulatory and Policy Risks

There is an increasing trend in public and government support of climate change initiatives across the regions in which Pason operates. Governmental authorities are strengthening existing environmental regulations and introducing new climate change measures, such as emission caps, reduction targets, taxes and penalties, efficiency standards, and alternative energy incentives and mandates. In addition, concerns about climate change have resulted in many environmental activists and members of the public opposing the continued exploitation and development of fossil fuels. Pason is not a large-scale emitter of greenhouse gases or other emissions and does not anticipate the impact of these regulations to be material to its operations; however, present and future environmental regulations and other developments could have a material impact on Pason's client base, which is primarily comprised of Operators and Contractors. While it is not possible at this time to predict how such regulations or developments would impact the Company's business, any future environmental requirements could result in reduced demand for hydrocarbons, as well as increased capital expenditures, operating costs and project delays for our customers, which in turn could have a material adverse effect on the business, financial condition, results of operations, and prospects for the Company.

Physical Risks

There is growing evidence that climate change is causing the increased frequency and severity of extreme weather events as well as longer-term changes in climate patterns. As a result, the physical impacts of such increasingly volatile weather conditions may have an adverse effect on the operations of the Company. These include more frequent and extreme weather events, natural disasters such as flooding and forest fires, shifts in temperature and precipitation, and changing sea levels, which could cause damage to key corporate assets. Climate change may have similar impacts on the Company's major customers, reducing demand for Pason's products and services, and may also impact suppliers, which could result in shortages in certain consumables and the supply of products that are required to maintain the Company's operations. While the Company takes such risks into consideration and implements mitigation strategies to address, where possible, the risks associated with the impacts of extreme weather events, the frequency and severity of such events can vary widely and cannot be predicted. This uncertainty, in turn, could have a material adverse effect on the Company's ability to operate in certain jurisdictions and its projections, business operations and financial condition.

Pason maintains a corporate insurance program consistent with industry practice that protects the Company from liabilities due to environmental accidents and disruptions and has operational and emergency response procedures and safety and environmental programs in place to reduce potential loss exposure.

Alternative Energies Risk

The focus of governments, businesses and consumers on transitioning to a low-carbon economy was accelerated by the COVID-19 pandemic, resulting in increased policies and initiatives designed to shift resources and investment away from fossil fuels towards low carbon energy sources. This shift, combined with technological advances and cost declines in alternative energy sources, could reduce consumer demand for, and result in a reduction in the global economy's reliance on, oil and natural gas; which in turn could decrease demand for the Company's products and services. While Pason believes energy supply and demand fundamentals continue to support hydrocarbon resources forming a meaningful component of ongoing energy supply, the Company considers opportunities to diversify its business to mitigate this risk. This includes exploring new opportunities to apply the Company's expertise in instrumentation and data services to markets beyond of oil and gas, such as recent investments made in supporting ETB in the solar energy and storage market. However, there is no guarantee that Pason would be successful in these ventures should there be a significant reduction in global demand for oil and gas.

Investor Sentiment

Investor sentiment towards the oil and natural gas industry has evolved in recent years and some institutional investors have announced that they are no longer willing to fund or invest in companies in the oil and natural gas industry or are reducing such investment over time. While Pason believes it operates its business sustainably, the Company's ability to access capital and the price and liquidity of its securities may be adversely impacted by investors' perceptions of the sector in which it generates the majority of its revenue.

Public Health Crises

As seen in recent years, the occurrence of a future global pandemic could expose the Company to a number of risks, including but not limited to: material declines in revenue and cash flows due to reduced demand for oil and gas associated products and services, increased risk of non-payment of accounts receivable, potential for impairment charges on long-term assets, and additional reorganization costs, if deemed required in the context of Pason's ongoing efforts to manage its cost structure.

Insurance

Pason's operations are subject to risks inherent in the oil and natural gas services industry, such as hardware or software defects, malfunctions and failures, human error, and natural disasters. These risks could expose Pason to substantial liability for personal injury, loss of life, business interruption, property damage, pollution, and other liabilities. Pason carries prudent levels of insurance to protect the Company against these unforeseen events, subject to appropriate deductibles and the availability of coverage. An annual review of insurance coverage is completed to assess the risk of loss and risk mitigation alternatives.

Extreme weather conditions, natural occurrences, and terrorist activity have strained insurance markets leading to substantial increases in insurance costs and limitations on coverage. It is anticipated that the Company will continue to maintain appropriate insurance coverage, but there can be no assurance that such insurance coverage will be available on commercially reasonable terms or on terms as favourable as Pason’s current arrangements. The occurrence of a significant event outside of the scope of coverage of Pason’s insurance policies could also have a material adverse effect on the results of the organization.

Payment of Future Cash Dividends

The decision to pay dividends and the amount paid is at the discretion of the Board, which regularly reviews the Company’s financial position, operating results, and industry outlook, all of which could impact Pason’s dividend policy. The amount of cash available for future dividends will be dependent on a number of factors including, but not limited to, the Company’s ability to generate cash flow in excess of its operating and investment needs, its overall financial position, and its capital allocation priorities.

Taxation

Pason and its subsidiaries are subject to income and other forms of taxation in the various jurisdictions in which they operate. Pason structures its operations in a tax efficient manner in compliance with all prevailing tax regimes. Any adverse change to existing taxation measures, policies or regulations, or the introduction of new taxation measures, policies or regulations in any of the jurisdictions in which Pason operates could have a negative impact on its business, operating results, or financial condition. The management of Pason believes that the Company’s provision for income taxes is adequate and in accordance with both generally accepted accounting principles and appropriate regulations. However, the tax filing positions of the Company are subject to review and audit by tax authorities who may challenge, and possibly succeed in challenging, management’s interpretation of the applicable tax legislation.

Litigation and Legal Claims

Pason may be involved in various claims and litigation arising in the normal course of business. The Company does not currently believe that the outcome of any pending or threatened proceedings related to these or other matters, or the amounts which the Company may be required to pay by reason thereof, would individually or in the aggregate have a material adverse impact on its day-to-day business operations, however, the outcome of these matters is uncertain and there can be no assurance that such matters will be resolved in Pason’s favour. In addition, future legal proceedings could be filed against the Company, the outcome of which is also uncertain and could have a material adverse effect on the Company.

SEDAR+

Additional information relating to the Company, including the Company's most recent Annual Information Form can be accessed on the Company’s website at www.pason.com and on the Canadian Securities Administrators’ System for Electronic Document Analysis and Retrieval ("SEDAR+") at www.sedarplus.ca.

Forward Looking Information

Certain statements contained herein constitute “forward-looking statements” and/or “forward-looking information” under applicable securities laws (collectively referred to as “forward-looking statements”). Forward-looking statements can generally be identified by the words “anticipate”, “expect”, “believe”, “may”, “could”, “should”, “will”, “estimate”, “project”, “intend”, “plan”, “outlook”, “forecast” or expressions of a similar nature suggesting a future outcome or outlook.

Without limiting the foregoing, this document includes, but is not limited to, the following forward-looking statements: the Company’s growth strategy and related schedules; divergence in activity levels between the geographic regions in which we operate; demand fluctuations for our products and services; the Company’s ability to increase or maintain market share; projected future value, forecast operating and financial results; planned capital expenditures; expected product performance and adoption, including the timing, growth and profitability thereof; potential dividends and dividend growth strategy; future use and development of technology; our financial ability to meet long-term commitments not included in liabilities; the collectability of accounts receivable; the application of critical accounting estimates and judgements; treatment under governmental regulatory and taxation regimes; and projected increasing shareholder value.

These forward-looking statements reflect the current views of Pason with respect to future events and operating performance as of the date of this document. They are subject to known and unknown risks, uncertainties, assumptions, and other factors that could cause actual results to be materially different from results that are expressed or implied by such forward-looking statements.

Although we believe that these forward-looking statements are reasonable based on the information available on the date such statements are made and processes used to prepare the information, such statements are not guarantees of future performance and readers are cautioned against placing undue reliance on forward-looking statements. By their nature, these statements involve a variety of assumptions, known and unknown risks and uncertainties and other factors, which may cause actual results, levels of activity and achievements to differ materially from those expressed or implied by such statements. Such risks and uncertainties include, but are not limited to: the state of the economy; volatility in industry activity levels and resulting customer expenditures on exploration and production activities; customer demand for existing and new products; the industry shift towards more efficient drilling and completions activity and technology to assist in that efficiency; the impact of competition; the loss of key customers; the loss of key personnel; cybersecurity risks; reliance on proprietary technology and ability to protect the Company's proprietary technologies; changes to government regulations (including those related to safety, environmental, or taxation); the impact of extreme weather events and seasonality on our suppliers and on customer operations; and war, terrorism, pandemics, social or political unrest that disrupts global markets.

These risks, uncertainties and assumptions include but are not limited to those discussed in Pason's Annual Information Form for the year ended December 31, 2023, under the heading, "Risk and Uncertainty," in our management's discussion and analysis for the year ended December 31, 2023, and in our other filings with Canadian securities regulators. These documents are on file with the Canadian securities regulatory authorities and may be accessed through the SEDAR+ website (www.sedarplus.ca) or through Pason's website (www.pason.com).

Forward-looking statements contained in this document are expressly qualified by this cautionary statement. Except to the extent required by applicable law, Pason assumes no obligation to publicly update or revise any forward-looking statements made in this document or otherwise, whether as a result of new information, future events or otherwise.

Disclosure Controls and Procedures and Internal Controls over Financial Reporting

The preparation and presentation of the Company's Consolidated Financial Statements and the overall reasonableness of the Company's financial reporting are the responsibility of management. The Board of Directors is responsible for overseeing management's performance of its responsibilities for financial reporting and internal control. The Board of Directors exercises this responsibility with the assistance of the Audit Committee of the Board of Directors.

Management’s Report on Disclosure Controls and Procedures (DC&P)

Disclosure controls and procedures within the Company have been designed to provide reasonable assurance that all relevant information is identified to the President and Chief Executive Officer (CEO), Chief Financial Officer (CFO), and Board of Directors to ensure appropriate and timely decisions are made regarding public disclosure.

For the year ended December 31, 2024, an evaluation of the Company’s Disclosure Controls and Procedures was conducted by management under the supervision of the CEO and the CFO. Based on this evaluation, the CEO and CFO have concluded that our DC&P, as defined in National Instrument 52-109, Certification of Disclosure in Issuers’ Annual and Interim Filings (NI 52-109), was effective to ensure that the information required by Canadian Securities regulatory authorities will be recorded, processed, and reported within the prescribed timelines.

Management’s Report on Internal Control over Financial Reporting (ICFR)

Management, under the supervision and participation of the Company’s CEO and CFO, is responsible for establishing and maintaining a system of internal controls over financial reporting to provide reasonable assurance that assets are safeguarded and that reliable financial information is produced for preparation of financial statements in accordance with International Financial Reporting Standards. The assessment has been based on criteria established in the Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Due to its inherent limitations, internal control over financial reporting may not prevent or detect misstatements on a timely basis. Also, projections of any evaluation of the effectiveness of internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

An evaluation of the Company’s ICFR was conducted by management under the supervision of the CEO and the CFO. Based on this evaluation, the CEO and CFO have concluded that as at December 31, 2024, our ICFR, as defined in NI 52-109, was effective. There were no changes in our ICFR during the year ended December 31, 2024, that have materially affected, or are reasonably likely to affect, our ICFR other than the IWS Acquisition on January 1, 2024.

In its assessment of the Company's design of its DC&P and ICFR, Pason previously excluded controls, policies and procedures of IWS, which was acquired by the Company on January 1, 2024, as permitted by applicable securities laws. During the fourth quarter of 2024, Pason has completed the evaluation and integration of DC&P and ICFR for processes acquired through the IWS Acquisition.

Historical Review

Selected Financial Data

Years Ended December 31,

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
(CDN 000s, except per share data)	**($)**	($)	($)	($)	($)	($)	($)	($)	($)	($)
Operating Results										
Revenue	**414,133**	369,309	334,998	206,686	156,636	295,642	306,393	245,643	160,446	285,148
Expenses										
Operating expenses(4)	**160,530**	130,013	115,379	81,997	71,576	110,516	109,267	100,635	84,696	124,889
Selling, general, and administrative(4)	**41,590**	24,832	22,246	18,846	17,515	23,739	25,532	21,565	21,897	32,066
Research and development	**51,180**	41,247	37,573	32,220	26,977	30,439	26,997	25,219	22,848	31,733
Stock-based compensation	**10,898**	11,718	15,230	11,523	4,840	10,840	12,313	11,762	6,195	7,398
Depreciation and amortization	**52,179**	27,216	20,842	25,689	34,417	40,830	34,588	45,681	55,384	81,381
Adjusted EBITDA(1)(2)	**161,827**	171,466	159,510	72,520	39,540	129,644	146,004	98,224	31,005	96,460
As a % of revenue	**39.1**	46.4	47.6	35.1	25.2	43.9	48.1	40.0	19.3	33.8
Funds flow from operations	**131,133**	154,472	134,885	67,728	40,560	111,718	128,544	87,121	26,815	94,263
Per share – basic	**1.65**	1.92	1.65	0.82	0.48	1.31	1.51	1.03	0.32	1.13
Net income (loss) attributable to Pason	**121,504**	97,539	107,616	33,845	6,568	54,112	62,944	25,190	(41,792)	(7,917)
Per share – basic	**1.53**	1.21	1.31	0.41	0.08	0.63	0.74	0.30	(0.49)	(0.09)
Net capital expenditures(3)	**69,126**	38,002	33,941	9,950	4,719	22,593	21,655	19,966	13,711	53,454
Financial Position										
Total assets	**614,612**	487,877	469,928	379,941	361,416	437,841	461,716	398,446	435,251	529,625
Working capital	**120,583**	212,561	213,899	184,083	167,366	183,769	256,153	193,692	198,419	244,972
Total equity	**495,673**	400,955	380,962	307,781	305,283	346,454	386,077	347,486	386,651	489,448
Common Share Data										
Common shares outstanding (#000s)										
At December 31	**79,426**	79,685	81,527	82,194	83,089	84,538	85,783	85,158	84.628	84,063
Weighted average	**79,580**	80,379	81,961	82,792	83,956	85,409	85,357	84,821	84.365	83,675
Dividends ($)	**0.52**	0.48	0.36	0.20	0.48	0.74	0.70	0.68	0.68	0.68

(1) Non-GAAP financial measures are defined under Non-GAAP Financial Measures

(2) Prior to 2015, Adjusted EBITDA was defined as EBITDA..

(3) Includes additions to property, plant, and equipment and development costs, net of proceeds on disposal from Pason's Consolidated Statements of Cash Flows.

(4) Prior period figures have been reclassed to conform with current period presentation of financial information, as detailed in Note 2 of Pason's Consolidated Financial Statements.

Corporate Information

Directors

Marcel Kessler(1)
Independent Business Advisor
British Columbia, Canada

Jon Faber
President & CEO
Pason Systems Inc.
Alberta, Canada

Laura Schwinn(4)(7)(8)
Independent Business Advisor
Maryland, USA

Ken Mullen(2)(5)
Director
Melamaken Adventures Inc.
Alberta, Canada

Sophia Langlois(3)(6)
Independent Business Advisor
Alberta, Canada

James Bowzer(3)(5)(7)
Independent Business Advisor
Colorado, USA

(1) Chair of the Board
(2) Audit Committee Chair
(3) Audit Committee Member
(4) HR and Compensation Committee Chair
(5) HR and Compensation Committee Member
(6) Corporate Governance and Nominations Committee Chair
(7) Corporate Governance and Nomination Committee Member
(8) Lead Director

Officers & Key Personnel

Jon Faber
President
& Chief Executive Officer

Celine Boston
Chief Financial Officer

Kevin Boston
Vice President, Commercial

Craig Bye
Vice President, R&D - Cloud Platforms and Applications

Natalie Fenez
Vice President, Legal & Corporate Secretary

Heather Hantos
Vice President, Human Resources

Bryce McLean
Vice President, Operations

Lars Olesen
Vice President, Product & Technology

Russell Smith
Vice President, International

Ryan Van Beurden
Vice President, Rig-site Research & Development

Corporate Head Office

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InvestorRelations@pason.com
www.pason.com

Auditors

Deloitte LLP
Calgary, Alberta

Banker

Royal Bank of Canada
Calgary, Alberta

Registrar and Transfer Agent

Computershare Trust Company of Canada
Calgary, Alberta

Stock Trading

Toronto Stock Exchange
Trading Symbol: PSI.TO

Eligible Dividend Designation

Pursuant to the Canadian Income Tax Act, dividends paid by the Company to Canadian residents are considered to be “eligible” dividends.